

T-152

HJ
VO
AI
C.I.

U. S. TREASURY DEPT.

Annual Report, 1948.
of the
Secretary of the Treasury
on the
State of the Finances

For the Fiscal Year Ended June 30, 1948



A01627

Treas Lib

127

CONTENTS

| | Page |
|---|------|
| Transmittal and statement by the Secretary of the Treasury----- | 1 |
| REPORT ON OPERATIONS | |
| Summary of fiscal operations----- | 7 |
| Budget receipts----- | 8 |
| Budget expenditures----- | 14 |
| Trust accounts, etc., receipts and expenditures----- | 17 |
| General fund----- | 17 |
| Public debt operations----- | 18 |
| Ownership of Federal securities----- | 33 |
| Securities owned by the United States Government and proprietary interest in corporations and certain other business-type activities of the Govern- ment----- | 40 |
| International financial and monetary developments----- | 41 |
| Taxation developments----- | 50 |
| Estimates of receipts----- | 55 |
| Estimates of expenditures----- | 64 |
| ADMINISTRATIVE REPORTS | |
| General administration----- | 67 |
| Comptroller of the Currency, Bureau of the----- | 68 |
| Customs, Bureau of----- | 70 |
| Engraving and Printing, Bureau of----- | 76 |
| Federal Supply, Bureau of----- | 79 |
| Fiscal Service----- | 84 |
| Internal Revenue, Bureau of----- | 131 |
| International Finance, Office of----- | 136 |
| Legal Division----- | 138 |
| Mint, Bureau of----- | 141 |
| Narcotics, Bureau of----- | 144 |
| Practice, Committee on----- | 146 |
| Tax Research, Division of----- | 147 |
| Technical Staff, Office of the----- | 148 |
| United States Coast Guard----- | 149 |
| United States Savings Bonds Division----- | 157 |
| United States Secret Service----- | 158 |
| EXHIBITS | |
| PUBLIC DEBT | |
| Treasury certificates of indebtedness, Treasury notes, and Treasury bonds | |
| 1. Offering of $\frac{1}{2}$ percent certificates of Series G-1948----- | 165 |
| 2. Details of certificate issues and allotments----- | 166 |
| 3. Offerings of 1 percent Treasury notes of Series B-1948 and $1\frac{1}{2}$ percent Treasury notes of Series A-1949, and allotments----- | 172 |
| 4. Call, November 14, 1947, for redemption on March 15, 1948, of two issues of Treasury bonds----- | 175 |
| Treasury bills | |
| 5. Inviting tenders for Treasury bills dated July 3, 1947----- | 175 |
| 6. Acceptance of tenders for Treasury bills dated July 3, 1947----- | 177 |
| 7. Summary of Treasury bill information contained in press releases----- | 177 |

Foreign Economic Cooperation trust fund) amounted to only \$0.1 billion.

Expenditures for veterans declined for the first time since 1942. A decline of \$0.8 billion from the peak in 1947 brought veterans' expenditures to \$6.5 billion for 1948, which was nearly 18 percent of total expenditures. A reduction in the Government's contribution to the national service life insurance fund accounted for all but \$0.1 billion of the decrease in veterans' expenditures in 1948. There were decreases in benefits paid under the Servicemen's Readjustment Act which provides primarily for the education program and unemployment and other readjustment allowances, but these were almost offset by increases in expenditures for pensions, medical costs, and services.

Interest paid on the public debt totaled \$5.2 billion for the fiscal year 1948, and was 14 percent of all expenditures. The amount was \$0.1 billion more than that paid in 1947, reflecting in large part continuing increases in discount accruals on savings bonds and larger net payments to Government trust funds and investment accounts as our investments increase.

Funds of taxes and duties in the fiscal year 1948 totaled \$2.3 billion as compared with \$3.0 billion in 1947. In both years, the funds of income taxes and other internal revenue taxes accounted for nearly the entire amount. Excessive prepayments of the individual income tax, which result from overwithholding or overdeclaration of estimated tax, constituted the largest class of internal revenue funds, amounting to \$1.6 billion in 1948, approximately the same amount as in 1947.

The remaining budget expenditures totaled \$6.8 billion. These include the outlays for domestic programs such as aid to agriculture, security, public works, and housing and home finance, which amounted for over half of the expenditures in this group. They also include the running expenses of the Government, such as expenditures of executive departments not reflected elsewhere and for legislative and judicial functions; Government contributions to Federal employees' retirement; atomic energy; aids to education, labor, finance, commerce, and industry; Civil Aeronautics; and the Post Office Department. These remaining expenditures increased by \$1.3 billion from 1947 to 1948, with a large part of the increase accounted for by public expansion, increased transfers to the railroad retirement fund, and larger expenditures for atomic energy.

TRUST ACCOUNTS, ETC., RECEIPTS AND EXPENDITURES

Certain accounts are maintained with the Treasurer of the United States for the benefit of individuals or classes of individuals. Receipts in these accounts are expended for purposes specified in the trust. These receipts and expenditures are not included in the budget receipts and expenditures, but are shown in the daily Treasury statement under the title "Trust accounts, etc."

The Government's payments from general fund appropriations to various trust accounts, such as employees' retirement funds and the national service life insurance fund, are shown under budget expenditures as transfers to trust accounts, and under the various trust accounts as receipts.

During the fiscal year 1948 the Foreign Economic Cooperation trust fund was established, in accordance with the provisions of section 114 (f) of the Economic Cooperation Act of 1948, approved April 3, 1948 (see exhibit 44), which required that \$3 billion be transferred to this trust fund and "considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures." The law further provided that "The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator [for Economic Cooperation] out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist." The effect on the budget of this transfer to the Foreign Economic Cooperation trust fund is explained in footnote 1 to the table on page 7 of this report.

A summary of the net transactions in trust accounts, etc., for the fiscal years 1932-48 will be found in table 1; and receipts in and expenditures from trust accounts, etc., by major classifications, for the fiscal years 1940-48 will be found in table 6, and details by months for 1948 in table 4.

GENERAL FUND

The general fund represents all moneys of the Government deposited with and held by the Treasurer of the United States.

The assets in the general fund include gold, silver, currency, coin, and unclassified collection items, etc., and deposits to the credit of the Treasurer of the United States in Federal Reserve Banks, special depositaries (war loan accounts), national and other bank depositaries, foreign depositaries, and the treasury of the Philippine Islands.

The liabilities of the general fund include outstanding Treasurer's checks, deposits of certain Government officers composed of balances to the credit of the Post Office Department, the Board of Trustees

TABLE 4.—*Trust accounts, etc., monthly receipts and expenditures, in detail, for fiscal year 1948 and totals for 1947 and 1948—Continued*

| Expenditures | Fiscal year 1948 | | | | | | |
|---|------------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| | July 1947 | August 1947 | September 1947 | October 1947 | November 1947 | December 1947 | January 1948 |
| Other trust accounts: | | | | | | | |
| Adjusted service certificate fund: | | | | | | | |
| Investments..... | \$86,762.42 | \$86,150,000.00 | | | | | |
| Other..... | | 64,220.37 | | | | | |
| Alaska Railroad retirement fund: | | | | | | | |
| Annuities and refunds..... | 43,541.98 | 17,237.86 | 24,418.59 | 28,191.91 | 15,717.06 | 14,632.65 | 14,058.07 |
| Investments..... | | 65,000.00 | 217,000.00 | | 60,000.00 | | |
| Canal Zone retirement fund: | | | | | | | |
| Annuities and refunds..... | 157,509.44 | 183,679.43 | 150,582.13 | 175,516.89 | 164,710.96 | 161,457.14 | 166,684.33 |
| Investments..... | | 1,022,000.00 | | 7,000.00 | 25,000.00 | 65,000.00 | 60,000.00 |
| Civil service retirement fund: | | | | | | | |
| Annuities and refunds..... | 23,852,274.84 | 19,551,989.14 | 25,622,353.96 | 23,783,921.80 | 22,426,304.86 | 21,656,531.77 | 17,884,955.31 |
| Investments..... | | 1,900,000.00 | 245,660,000.00 | 229,000.00 | 11,354,000.00 | 4,260,000.00 | 4,450,000.00 |
| District of Columbia: | | | | | | | |
| Foreign service retirement fund: | | | | | | | |
| Annuities and refunds..... | 5,183,463.26 | 8,176,377.65 | 9,233,674.54 | 8,919,377.75 | 8,343,826.19 | 7,692,906.22 | 8,863,012.65 |
| Investments..... | | | | | | | |
| Government life insurance fund: | | | | | | | |
| Benefits, refunds, etc..... | 18,752,969.44 | 5,693,633.14 | 4,442,391.65 | 4,236,337.46 | 3,820,241.69 | 4,878,405.90 | 4,449,834.41 |
| Investments..... | | 2,035,000.00 | 23,000.00 | 50,000.00 | 28,000.00 | 40,000.00 | 1,000,000.00 |
| Indian tribal funds: | | | | | | | |
| Other..... | | | | | | | |
| Chargeable against increment on gold—melting losses, etc. | | | | | | | |
| Unclassified: | | | | | | | |
| Special deposits (net): | | | | | | | |
| District of Columbia: | | | | | | | |
| Government corporations (partially owned): | | | | | | | |
| Commodity Credit Corporation..... | 185,858.47 | 248,422.91 | 173,695.87 | 21,950.19 | 88,397.33 | 220,272.32 | 78,480.07 |
| Federal Farm Mortgage Corporation..... | | 9,572,357.78 | 111,367,798.37 | 24,110,358.01 | 20,167,865.72 | 19,916,250.90 | 41,858,275.85 |
| Federal Housing Administration..... | | 992,079.31 | 242,576.76 | 1,143,422.83 | 1,292,437.35 | 42,437.97 | 237,261.32 |
| Home Owners' Loan Corporation..... | | 54,522,612.45 | 33,585,446.50 | 29,821,826.59 | 4,210,291.49 | 34,393,420.27 | 26,665,552.30 |
| Reconstruction Finance Corporation..... | | 1,083,361.81 | 118.56 | | | 143,514.60 | 155,910.35 |
| Unclassified | | | | | | | |
| Subtotal..... | 757,113,486.71 | 591,964,362.92 | 633,724,170.33 | 264,205,451.42 | 418,632,470.10 | 723,094,332.42 | 368,549,435.16 |
| Sales and redemptions of obligations of Government corporations, etc., in the market (net): | | | | | | | |
| Guaranteed by the United States: | | | | | | | |
| Commodity Credit Corporation..... | 5,281,908.58 | 930,484.64 | 2,962,767.32 | 8,966,865.89 | 5,727,048.08 | 7,545,361.41 | 632,161.48 |
| Federal Farm Mortgage Corporation..... | | 74,700.00 | 38,800.00 | 63,600.00 | 43,800.00 | 34,800.00 | 60,400.00 |
| Federal Housing Administration..... | | 4,081,250.00 | 142,350.00 | 9,000.00 | 1,328,950.00 | 3,850.00 | 4,978,000.00 |
| Home Owners' Loan Corporation..... | | 111,050.00 | 79,800.00 | 87,550.00 | 69,825.00 | 88,100.00 | 52,075.00 |
| Reconstruction Finance Corporation..... | | | | | | | 3,000.00 |

| Expenditures | Fiscal year 1948 | | | | | Total fiscal year 1948 | Total fiscal year 1947 |
|---|------------------|----------------|---------------|---------------|----------------|------------------------|------------------------|
| | February 1948 | March 1948 | April 1948 | May 1948 | June 1948 | | |
| Other trust accounts: | | | | | | | |
| Adjusted service certificate fund: | | | | | | | |
| Investments..... | \$150,000.00 | | | | | \$50,000.00 | \$6,450,000.00 |
| Other..... | 83,953.55 | \$94,105.42 | \$90,862.53 | \$71,267.84 | | 77,440.32 | 913,047.86 |
| Alaska Railroad retirement fund: | | | | | | | |
| Annuities and refunds..... | 19,072.64 | 14,577.32 | 14,997.72 | 16,315.02 | | 58,359.63 | 281,120.43 |
| Investments..... | | 50,000.00 | | 50,000.00 | | 78,000.00 | 320,000.00 |
| Canal Zone retirement fund: | | | | | | | |
| Annuities and refunds..... | 167,002.01 | 146,523.95 | 182,705.80 | 168,306.95 | | 159,287.73 | 1,084,056.76 |
| Investments..... | 13,000.00 | | 65,000.00 | 125,000.00 | 25,000.00 | 492,000.00 | 2,012,735.76 |
| Civil service retirement fund: | | | | | | | |
| Annuities and refunds..... | 16,253,128.39 | 15,388,954.46 | 17,305,591.55 | 17,742,208.00 | | 19,871,279.17 | 241,339,493.25 |
| Investments..... | 13,358,000.00 | 4,360,000.00 | 6,430,000.00 | 5,403,000.00 | 109,449,000.00 | 359,373,000.00 | 320,138,126.77 |
| District of Columbia..... | 7,088,910.53 | 7,685,561.25 | 9,978,494.42 | 7,053,863.68 | | 8,375,293.68 | 96,594,761.82 |
| Foreign service retirement fund: | | | | | | | |
| Annuities and refunds..... | 75,464.58 | 69,550.72 | 72,679.51 | 74,006.69 | | 78,563.59 | 888,833.75 |
| Investments..... | | 30,000.00 | 15,000.00 | 32,000.00 | 122,000.00 | 517,000.00 | 2,449,000.00 |
| Government life insurance fund: | | | | | | | |
| Benefits, refunds, etc..... | 3,809,996.87 | 4,617,015.94 | 4,802,223.89 | 4,599,171.81 | | 5,614,289.31 | 69,806,511.51 |
| Investments..... | | 1,000,000.00 | | 1,000,000.00 | 1,000,000.00 | 39,000,000.00 | 32,500,000.00 |
| Indian tribal funds..... | | 286,739.78 | 2,019,802.90 | 610,209.78 | 1,386,542.11 | 897,736.54 | 10,740,121.20 |
| Other..... | | 314,254,684.30 | 93,131,245.04 | 60,283,560.07 | 7,011,207.11 | 149,237,993.36 | 1,125,484,059.39 |
| Chargeable against increment on gold—melting losses, etc. | | | | | | | |
| Unclassified: | | | | | | | |
| Special deposits (net): | | | | | | | |
| District of Columbia..... | | 6,078.34 | 142,854.25 | 224.92 | 50,562.16 | 156,538.94 | 54,377.07 |
| Government corporations (partially owned): | | 37,949,723.00 | 4,000,975.60 | 54,646,471.17 | 3,965,111.97 | 25,205,581.47 | 162,345,862.17 |
| Indian tribal funds..... | | 254,005.18 | 52,900.90 | 320,219.13 | 331,493.71 | 411,154.11 | 1,820,188.45 |
| Other..... | | 29,416,325.09 | 16,823,955.46 | 1,150,981.04 | 20,093,379.69 | 234,590,554.70 | 204,974,504.42 |
| Unclassified | | | | | | | |
| Subtotal..... | 158,409.68 | 13,027.13 | 6,136.12 | 400.86 | | 2,160.10 | 577.09 |
| | | | | | | | 847.66 |
| | | | | | | | 6,216.14 |
| Sales and redemptions of obligations of Government corporations, etc., in the market (net): | | | | | | | |
| Guaranteed by the United States: | | | | | | | |
| Commodity Credit Corporation..... | 2,072,665.26 | 508,605.38 | 2,546,096.34 | 343,051.77 | | 579,056.96 | 3,298,591.69 |
| Federal Farm Mortgage Corporation..... | | 72,200.00 | 34,500.00 | 34,100.00 | | 687,200.00 | 1,289,400.00 |
| Federal Housing Administration..... | | 51,600.00 | 76,450.00 | 385,250.00 | | 399,350.00 | 11,145,650.00 |
| Home Owners' Loan Corporation..... | | 55,825.00 | 73,350.00 | 78,800.00 | | 80,900.00 | 924,925.00 |
| Reconstruction Finance Corporation..... | | | | | | | 3,000.00 |

Footnotes at end of table.

